

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 ICAE-00
CIAE-00 PM-05 H-01 INR-10 L-03 NSAE-00 PA-01
SP-02 SS-15 OMB-01 TRSE-00 EB-08 COME-00 XMB-02
OPIC-03 /064 W
-----121093 071528Z /53

O R 071313Z AUG 78
FM AMEMBASSY LISBON
TO SECSTATE WASHDC IMMEDIATE 6603
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
AMEMBASSY ROME
USMISSION USNATO
DIA WASHDC
USCINCEUR VAIHINGEN GER
USNMR SHAPE BEL
COMUSFORAZ

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 5845

E.O. 11652: XGDS-3
TAGS: PINT PO
SUBJECT: SOARES: THE SOCIALISTS WILL COOPERATE--BUT
NOT MUCH

1. BEGIN SUMMARY: I HAD THREE HOURS WITH MARIO SOARES ON
SUNDAY, AUGUST 6, AT HIS COUNTRY HOME OUTSIDE LISBON. IT
WAS TETE-A-TETE EXCEPT WHEN HIS WIFE AND DAUGHTER JOINED US
FOR LUNCH. TWO FUNDAMENTAL POINTS CAME OUT OF THIS
CONVERSATION:
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A) THE SOCIALIST PARTY WILL PERMIT SOME OF ITS MEMBERS TO
PARTICIPATE IN A NEW GOVERNMENT OF PRESIDENTIAL INITIA-
TIVE, BUT THESE INDIVIDUALS WILL NOT BE PEOPLE WHO ARE
CLOSELY IDENTIFIED WITH THE LEADERSHIP OF THE SOCIALIST
PARTY OR WHO HAVE BEEN IN HIGH GOVERNMENT POSTS RE-
CENTLY. UNDER THESE RULES, FOR EXAMPLE, VITOR CONSTANCIO

WOULD NOT CONTINUE AS MINISTER OF FINANCE. THE KIND OF SOCIALIST THAT MIGHT PARTICIPATE, THEREFORE, IS SOMEONE WHO IN THE PUBLIC EYE IS MORE INDEPENDENT THAN SOCIALIST. THE PRIME MINISTER WILL NOT BE A SOCIALIST.

B) THE SOCIALIST PARTY WILL PERMIT THE NEW GOVERNMENT TO TAKE OFFICE PROVIDED IT HAS CONFIDENCE IN THE FAIRNESS OF THE NEW PRIME MINISTER, AND WILL SUPPORT IT IN THE ASSEMBLY ON GIVEN ISSUES ON A CASE-BY-CASE BASIS. THE SOCIALISTS WILL SUPPORT A CONTINUATION OF THE IMF STABILIZATION PROGRAM AND MEASURES DESIGNED TO PREPARE PORTUGAL FOR ENTRY INTO THE COMMON MARKET, AS WELL AS OTHER PLANS AND PROGRAMS AIMED AT THE ECONOMIC DEVELOPMENT OF THE COUNTRY. END SUMMARY.

2. TWO CONSIDERATIONS HAVE LED THE SOCIALISTS TO THIS COURSE OF ACTION. ONE IS CONCERN FOR THE FUTURE OF THE SOCIALIST PARTY. SOARES FEARS THAT THE PARTY COULD GET BADLY BURNED BY PARTICIPATING IN A GOVERNMENT WHICH HE BELIEVES WILL BE TOO WEAK TO DO MORE THAN PREPARE THE COUNTRY FOR ELECTIONS AND WHICH, AS SOON AS THE CURRENT APPLAUSE FOR THE PRESIDENT'S FIRM ACTION DIES DOWN, COULD BECOME THE OBJECT OF A GREAT DEAL OF CRITICISM. SECOND, HE IS WORRIED THAT THE COURSE THE PRESIDENT HAS EMBARKED UPON IS DANGEROUS FOR DEMOCRACY. AS HE SAID ON TELEVISION THE OTHER NIGHT, WHAT IS IN PROSPECT IS A CONFIDENTIAL

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SITUATION IN WHICH ALL THE LEGAL POWERS OF THE STATE ARE CONCENTRATED IN THE HANDS OF ONE MAN. EANES WOULD BE PRESIDENT OF THE REPUBLIC, THE PRESIDENT OF THE REVOLUTIONARY COUNCIL, THE CHIEF OF STAFF OF THE ARMED FORCES, AND THROUGH A PRIME MINISTER WHO HELD POWER ONLY AT HIS SUFFERANCE, THE CHIEF EXECUTIVE OF THE GOVERNMENT. IN SOARES' VIEW THIS IS A DANGEROUS COURSE FOR EANES TO EMBARK UPON BECAUSE, EVEN THOUGH HE HAS NO AMBITIONS TO BECOME A PORTUGUESE DEGAULLE, THERE WILL BE STRONG PRESSURES PUSHING HIM IN THAT DIRECTION. IN A COUNTRY WITH A TRADITION OF AUTHORITARIANISM, A GAULLIST-TYPE GOVERNMENT COULD EASILY BE THE FIRST STEP TO DICTATORSHIP. EVEN IF THIS DID NOT HAPPEN UNDER EANES--AND SOARES WAS EMPHATIC THAT HE THOUGHT EANES WOULD NEVER GO THAT FAR--IT WOULD SET A DANGEROUS PRECEDENT FOR FUTURE PRESIDENTS.

3. SOARES PLANS ARE TO WORK TO STRENGTHEN THE SOCIALIST PARTY IN ANTICIPATION OF ELECTIONS, WHICH HE THINKS WILL COME AS EARLY AS FEBRUARY. HE BELIEVES THAT ONLY THE SOCIALISTS CAN AVOID A BI-POLARIZATION OF THE POLITICAL FORCES OF THE COUNTRY, WHICH WOULD BE, IN HIS VIEW, EXTREMELY DANGEROUS FOR THE FUTURE OF DEMOCRACY.

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4. I REPEATEDLY EXPRESSED MY WORRY THAT A GOVERNMENT WITHOUT ACTIVE SOCIALIST PARTICIPATION WOULD NOT BE ABLE TO CARRY OUT THE ECONOMIC POLICIES THAT WERE NECESSARY IN THIS CRITICAL PERIOD IN PORTUGUESE HISTORY. I DID NOT GO SO FAR AS TO URGE HIM TO RELENT TO THE EXTENT OF PERMITTING PROMINENT SOCIALISTS TO PARTICIPATE IN THE GOVERNMENT, BUT HE OBVIOUSLY GOT THE POINT AND THIS COULD HAVE SOME INFLUENCE ON HIM OVER THE NEXT COUPLE OF DAYS AS HE DECIDES HOW FAR TO GO IN PERMITTING THE SOCIALISTS TO TAKE PART.

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5. I SPECIFICALLY STRESSED THE ROLE THAT CONSTANCIO HAS PERSONALLY PLAYED IN ENGENDERING CONFIDENCE AMONG FOREIGN GOVERNMENTS, THE INTERNATIONAL FINANCIAL INSTITUTIONS, AND PRIVATE LENDERS. HE SAID HE REALIZED THIS, BUT THAT HE COULD NOT ASK CONSTANCIO TO ENDANGER HIS POLITICAL FUTURE BY BEING ASSOCIATED WITH A GOVERNMENT THAT WOULD BE WEAK AND POSSIBLY UNPOPULAR AS WELL. HE MENTIONED SILVA LOPES, THE PRESIDENT OF THE CENTRAL BANK AND CONSTANCIO'S MENTOR, AS ONE WHO HAD THE EQUIVALENT INTERNATIONAL PRESTIGE.

6. COMMENT: SOARES' RATIONALE FOR NON-PARTICIPATION OBVIOUSLY INVOLVES A BIT OF A SELF-FULLFILLING PROPHECY. THE SOCIALISTS WOULD GET TARNISHED BY PARTICIPATING IN A WEAK GOVERNMENT SO THEY SHOULD STAY OUT--YET THE GOVERNMENT COULD ONLY AVOID BEING WEAK IF THE SOCIALISTS WERE TO AGREE TO TAKE PART. SOARES' SECOND REASON, HIS CONCERNS ABOUT THE PRECEDENT SET BY A PRESIDENTIAL GOVERNMENT IS MORE COMPELLING. HE FEELS THAT EVEN IF THE SOCIALISTS WERE TO HAVE A MAJORITY OF THE CABINET POSITIONS AND THE PRIME MINISTER WERE TO BE A SOCIALIST, IT WOULD STILL BE THE PRESIDENT'S GOVERNMENT, AND THE SOCIALISTS WOULD THUS HAVE CONTRIBUTED TO MOVING THE COUNTRY TOWARDS PRESIDENTIALISM WITHOUT HAVING GAINED ANY BENEFITS, AND IN FACT PROBABLY HAVING BECOME DAMAGED IN THE PROCESS. ANOTHER FACTOR, ONE SURMISES, INVOLVES A MORE PERSONAL QUESTION. SOARES FEELS THAT EANES HAS CHALLENGED HIM AS THE FOREMOST POLITICAL LEADER OF THE COUNTRY. SOARES OBVIOUSLY SEES HIMSELF, NOT EANES, AS THE SAVIOR OF DEMOCRACY IN PORTUGAL, AND HE IS NOT GOING TO HAVE EANES, WHOM HE REGARDS AS POLITICALLY NAIVE AND BADLY ADVISED, CALLING ALL THE SHOTS. THUS, HE WILL NOT DO MORE THAN PERMIT THE COUNTRY TO GET TO ELECTIONS, AT WHICH TIME HE OBVIOUSLY HOPES THE SOCIALISTS WILL ONCE AGAIN PROVE THAT THERE IS NO SOLUTION WITHOUT THEM.

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